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State Regulation

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November 29, 2012

Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: Quarterly Report on Transfers of Utility Property
Docket No. E-01345A-06-0770, Decision No. 69670

Dear Mr. Olea:

Pursuant to Decision No. 69670:

The Company shall file in Docket control, quarterly reports summarizing each transfer, sale, mortgage, lease, or assignment entered into pursuant to this order and further shall state how each transaction complies with condition/limitation. This reporting requirement shall be met by continuing the reporting currently being submitted by APS in compliance with Decision No. 60481, as amended by Decision No. 61708, replacing and superseding that requirement, and increasing the frequency of the report to quarterly.

Arizona Public Service Company submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from July 1, 2012 through September 30, 2012. This report reflects the balance of these transactions, including accrued interest through September 30, 2012.

If you have any questions regarding this information, please contact me at (602)250-2661.

Sincerely,


Jeffrey W. Johnson

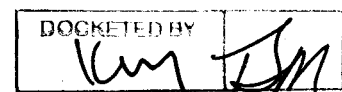
JJ/cd
Attachment

cc: Brian Bozzo
Terri Ford
Docket Control

Arizona Corporation Commission

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NOV 30 2012



ARIZONA PUBLIC SERVICE COMPANY
CALCULATION OF NET GAINS ON UTILITY PROPERTY
As of September 30, 2012

SALES TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCLOD	BOOK GAIN/(LOSS) ON SALE	TAX BASIS OF PROPERTIES	TAXES (1,2)	NET GAIN (3)	AMOUNT ALLOCATED TO CUSTOMERS (4)	INTEREST TO DATE (5)	CUSTOMER BALANCE
7/9/2012	Pima Substation land strip	\$13,340	\$173	\$13,167	\$173	\$5,202	\$7,965	\$3,982	\$2.60	\$3,985
Account Balance at the end of June 2012										
Net Gains Balance transfer to DSMAC per ACC Dec. 73260 [order date 7-30-2012]										
Interest on Account Balance for the Third Quarter										
Total Transactions In Third Quarter 2012										
Total Account Balance as of September 2012										
Account Balance at the end of June 2012										
Net Gains Balance transfer to DSMAC per ACC Dec. 73260 [order date 7-30-2012]										
Interest on Account Balance for the Third Quarter										
Total Transactions In Third Quarter 2012										
Total Account Balance as of September 2012										

- (1) [(Sales Price less Tax Basis)*(Tax Rate)]-(ADIT Net Book Basis-Tax Basis)* Tax Rate]
(2) APS Composite Income Tax Rate: 2011 = 39.51%; 2012 = 39.51%
(3) Jurisdictional allocation of Net Gain
(4) Amount Allocated for Customers based on 50% of jurisdictional split.
(5) Interest from Date of Transfer through End Date

These transactions do not have a negative impact on the safety, quality, reliability, or economy of an APS customer's electric service per Arizona Corporation Commission Decision No. 69670.

SUMMARY OF TRANSACTIONS
Third Quarter 2012

In July 2012 APS sold a 4,400 sq. foot strip of it's Pima Substation land to Arizona Department of Transportation for a freeway interchange.